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## Legislature Readies for Special Session

The 58th Idaho Legislature will convene an extraordinary session at 8:00 a.m. on Friday, August 25, to consider legislation proposed by the Governor to cut property taxes and increase the sales tax. The Governor's proposed Property Tax Relief Act of 2006 (RS16445) would:

- ▶ Reduce property taxes by \$260 million by eliminating the public schools maintenance and operation levy on Idaho real property;
- ▶ Raise the sales tax by one cent, making the sales tax six percent, effective October 1;
- ▶ Appropriate sufficient general funds to public schools to replace the maintenance and operation levy;
- ▶ Place \$100 million into the Public Education Stabilization Fund; and
- ▶ Place an advisory question on the November general election ballot asking Idaho voters if they agree with the property tax relief adopted by the Legislature in August ( if the Legislature does, in fact, pass the Governor's legislation).

Extraordinary sessions, often referred to as special sessions, are held only when the Governor calls by proclamation for the Legislature to meet. The Idaho Constitution (Section 9, Article IV) gives the Legislature power to legislate only on subjects specified in the Governor's proclamation. Legislators conduct the business of special sessions using normal House and Senate rules and procedures.

Since 1980, the Idaho Legislature has convened five extraordinary sessions on topics ranging from Medicaid to electric utility issues. Below is a summary of the legislative action taken during these special sessions.

**1980** — Created a legislative study committee on the Medicaid reimbursement process (HCR 3); and, due to a veto of the legislative staff appropriation during the regular session, appropriated money for legislative staff and staff expenses (S 1002).

**1981** — Petitioned Congress regarding Mexican temporary worker visas (HJM 1); provided for congressional district lines (H 3); revised qualifications for state legislators (H 5); and defined legislative districts (S 1004, vetoed). Legislation to reapportion legislative districts subsequently passed during the 1982 regular session (H 830).

**1983** — Further regulated driving under the influence (H 1); provided for adoption of emergency administrative rules (H 3); increased and provided for distribution of motor fuel tax (H 4); appropriated money for education (H 5, line item veto); appropriated surplus general accounts (H 7, vetoed); and allowed state auditor to recover Social Security overpayments (H 8).

**1992** — Prohibited certain gambling (HJR 4); charged the Legislative Council with preparing pro and con arguments for proposed constitutional amendments (H 2); regulated bingo games and raffles (H 3); and provided for temporary emergency water provisions (H 4).

**2000** — Amended the Electric Supplier Stabilization Act (H 1).

Staff Contact: Jeff Youtz

## FY 2007 Budget Update

### Potential Impact of Proposed Property Tax Relief Act of 2006

The Governor's Division of Financial Management has released a revised revenue projection for fiscal year 2007, following the record-setting revenue collections of 16.5 percent for FY 2006. The new revenue estimate for FY 2007 projects an increase of 3.4 percent over the FY 2006 actual collections (line 2 in the table below). The components of the revenue collection forecast include a 2.4 percent increase in individual income taxes, a 5.3 percent increase in sales taxes and a 6.6 percent increase in corporate income taxes. However, according to DFM, more than \$133 million included in the FY 2007 forecast is considered one-time revenue tied to the construction boom and is not expected to continue on an ongoing basis.

The table below also includes the estimated fiscal impact of RS16445, the Governor's proposed bill, which the Legislature will consider in special session on August 25. The key revenue components of the Governor's proposal, listed in lines 9 through 12 below, include a \$100 million transfer to the Public Education Stabilization Fund (line 9), which will bring the balance to \$112 million, and a one-cent increase in the sales tax, which will go into effect October 1 and generate about \$142 million for the seven remaining months in FY 2007. A full year of collections at the increased rate will yield approximately \$219 million in revenue. There are also some fiscal impacts on the circuit breaker pay-out and the personal property tax agriculture exemption, listed in lines 11 and 12, as a result of eliminating the maintenance and operation levy. And finally, the public schools appropriation will require an additional \$250 million in general funds to replace the M & O property tax levy eliminated in RS16445 (line 16). Based on the new revenue estimate from the Governor's Office, the short-term budget impact of RS16445 indicates a revenue balance of about \$198 million.

| <b>FISCAL YEAR 2007</b>                        |   | <b>Total General Funds</b>  |  |                              |                             |
|--|---|-----------------------------|--|------------------------------|-----------------------------|
| <b>REVENUES</b>                                |   | <b>with RS16445</b>         |  | <b>One-time</b>              | <b>Ongoing</b>              |
| 1.   | Beginning Balance                                     | \$ 302,252,000              |  | \$ 302,252,000               | \$ 0                        |
| 2.   | <b><i>FY 2007 revised DFM est (3.4% increase)</i></b> | <b><i>2,515,190,000</i></b> |  | <b><i>133,100,000</i></b>    | <b><i>2,382,090,000</i></b> |
| 3.   | Water Investment Repayments                           | 22,072,100                  |  | 22,072,100                   | 0                           |
| 4.   | Transfer to Perm. Bldg. Fund                          | (21,000,000)                |  | (21,000,000)                 | 0                           |
| 5.   | Transfer to Public Educ Stabil Fund                   | (10,000,000)                |  | (10,000,000)                 | 0                           |
| 6.   | H 743 Public Schools Facilities Fund                  | (24,000,000)                |  | (25,000,000)                 | 1,000,000                   |
| 7.   | Transfer to Economic Recovery Fund                    | (23,864,200)                |  | (23,864,200)                 | 0                           |
| 8.   | Transfer to Budget Stabil Fund                        | (12,917,700)                |  | (12,917,700)                 | 0                           |
| <b><i>RS16445: Property Tax Relief Act</i></b> |   |                             |  |                              |                             |
| 9.   | <b><i>Transfer to Public Educ Stabil Fund</i></b>     | <b><i>(100,000,000)</i></b> |  | <b><i>(100,000,000)</i></b>  | <b><i>0</i></b>             |
| 10.  | <b><i>One-cent Sales Tax Incr (Oct.1)</i></b>         | <b><i>141,953,700</i></b>   |  | <b><i>(77,178,300) *</i></b> | <b><i>219,132,000</i></b>   |
| 11.  | <b><i>Reduced circuit breaker payouts</i></b>         | <b><i>2,800,000</i></b>     |  | <b><i>0</i></b>              | <b><i>2,800,000</i></b>     |
| 12.  | <b><i>Reduced Ag Pers Prop Tax repl</i></b>           | <b><i>3,162,700</i></b>     |  | <b><i>0</i></b>              | <b><i>3,162,700</i></b>     |
| <b>13. Total Revenues</b>                      |   | <b>\$ 2,795,648,600</b>     |  | <b>\$ 187,463,900</b>        | <b>\$ 2,,608,184,700</b>    |
| <b>EXPENDITURES</b>                            |   |                             |  |                              |                             |
| 14.  | JFAC Action to date                                   | \$ 2,343,077,800            |  | \$ 5,806,900                 | \$ 2,337,270,900            |
| 15.  | Reappropriations                                      | 3,594,200                   |  | 3,594,200                    | 0                           |
| <b><i>RS16445; Property Tax Relief Act</i></b> |   |                             |  |                              |                             |
| 16.  | <b><i>Additional Approp for Public Schools</i></b>    | <b><i>250,645,700</i></b>   |  | <b><i>0</i></b>              | <b><i>250,645,700</i></b>   |
| <b>17. Total Expenditures</b>                  |   | <b>\$ 2,597,317,700</b>     |  | <b>\$ 9,401,100</b>          | <b>\$ 2,587,916,600</b>     |
| <b>18. Estimated Ending Balance</b>            |   | <b>\$ 198,330,900</b>       |  | <b>\$ 178,062,800</b>        | <b>\$ 20,268,100</b>        |

\* In line 10, because the sales tax does not go into effect until October 1, \$77.2 million of the increase will be subsidized by the one-time surplus. In FY 2008, that budget gap would be filled with a full 12 months of the increased sales tax collection.

Staff Contact: Cathy Holland-Smith

## Interim Committee Activities

### Mental Health and Substance Abuse Interim Committee

The Mental Health and Substance Abuse Interim Committee met on June 27 at the Idaho State School and Hospital (ISSH) in Nampa, Idaho. Sue Broetje discussed ISSH's role as a residential facility serving people with developmental disabilities. Bethany Gadzinski explained the current substance abuse programs administered by the Idaho Department of Health and Welfare. Chuck Halligan gave an overview of the department's Children's Mental Health Care Program, and Anne Bloxham discussed the Adult Mental Health Program.

Director Tom Beauclair discussed the impact of mental health and substance abuse issues on the Department of Correction and its capacity to provide secure facilities for affected inmates. Director Brent Reinke addressed the efforts made by the Department of Juvenile Corrections to address juveniles with mental health and substance abuse issues who are entering the justice system, and John Triplett, director of the Juvenile Detention Center in Nez Perce County, explained county initiatives to provide services to juveniles.

Idaho Supreme Court Justice Daniel T. Eismann, District Judge Brent J. Moss and Magistrate Judge John F. Varin provided a panel overview of drug courts, mental health courts and juvenile justice matters dealing with substance abuse and mental illness. Tony Poinelli of the Idaho Association of Counties and Captain Maxfield and Officer Booth from the Canyon County Sheriff's Office addressed county efforts to provide treatment services to children and adults with mental health and substance abuse issues and addressed specifically the use of involuntary mental holds by law enforcement when no secure treatment facilities are available.

The next meeting of the committee will be held August 14 at State Hospital South in Blackfoot.

*Staff Contact: Caralee Lambert*

### Natural Resources Interim Committee

The Natural Resources Interim Committee met in Boise on July 12. Committee members were updated by the Attorney General's Office in regard to the Nez Perce Water Agreement and consultation under the Endangered Species Act as it relates to the federal case before Judge Redden in Oregon regarding the Columbia River power system. The committee was also briefed about the recent summary judgment decision by Judge Barry Wood voiding the conjunctive management rules in the matter of American Falls Reservoir District #2, A & B Irrigation District, Burley Irrigation District, Minidoka Irrigation District, and Twin Falls Canal Company versus the Idaho Department of Water Resources, which has now been appealed to the Idaho Supreme Court.

The Farm Service Agency advised the committee about the status of the Conservation Reserve Enhancement Program (CREP), which began registering producers in May. The Farm Service Agency (FSA) will be conducting appointments throughout the month of July, prior to the completion of necessary contracts and plans by the Idaho

**Membership of all interim committees, meeting minutes and a calendar of scheduled meetings are available on the Legislature's Web site:**

[Interim Committees](#)

[Legislative Calendar](#)

Department of Water Resources and the Idaho Soil Conservation Commission and final approval by the FSA, which is slated to occur in September 2006. The goals of CREP are to conserve 200,000 acre feet of water inside the Eastern Snake Plain Aquifer and to improve wildlife habitat.

The Idaho Department of Water Resources provided an update regarding plans for the North Idaho Adjudication, Bell Rapids financing, the managed recharge project being conducted near Wendell and initial dialogues relating to the Idaho Water Resource Board's Aquifer Management Plan for the Eastern Snake Plain Aquifer. The Department of Environmental Quality addressed the committee regarding the application by the Shoshone Bannock Tribe with the Environmental Protection Agency (EPA) for treatment as a state for purposes involving water quality standards for bodies of water on the reservation and the state of Idaho's response to that application, as well as future opportunities for input by the state. The department also updated the committee regarding to National Pollutant Discharge Elimination System (NPDES) permits and point source discharges relating to canals, and discussed the fact that even though the EPA has primacy for NPDES permits, Section 401 of the Clean Water Act gives states the authority to certify that NPDES permits meet state water quality standards.

**J.A. and Kathryn  
Albertson  
Foundation  
Executive Director  
Lori Fisher  
reiterated to  
legislators the  
foundation's  
continued interest  
in helping to  
create a  
community college  
in the Treasure  
Valley.**

*Staff Contact: Katharine Gerrity*

### **Community Colleges Interim Committee**

Co-chaired by Senator John Goedde and Representative Darrell Bolz, the first meeting of the Community Colleges Interim Committee was held in Boise June 19. A history of community college development in Idaho was presented by Dr. Michael Rush, state administrator of the Division of Professional Technical-Education. He reviewed previous studies and their recommendations, and explained funding for professional-technical education in Idaho.

Matt Freeman, Budget and Policy analyst with the Legislative Services Office, presented statistics on state funding of Idaho's two stand-alone community colleges and Eastern Idaho Technical College (EITC), and state support of community college services provided by four-year institutions with embedded community college functions. He also described community college funding in surrounding states.

Dwight Johnson, executive director of the State Board of Education, said creation of an expanded statewide community college network is a top priority, and the state board has appointed a subcommittee that will work cooperatively with this legislative committee.

Lori Fisher, of the J.A. and Kathryn Albertson Foundation, reiterated the foundation's continued interest in helping to create a community college in the Treasure Valley. The foundation is conducting a study analyzing the education/training needs of employers and students, while simultaneously completing a capacity assessment to clearly understand the educational services currently offered in the Treasure Valley.

Dr. Robert Kustra, president of Boise State University, explained that he understands how essential community colleges are to the economy and to maintaining educated Idaho citizens. However, as the mission of the four-year institution shifts to that of a metropolitan research university, he thinks it is time to consider spinning off the university's

embedded community college functions. He emphasized the need for a separate community college, to attract new business.

Eric Ellis and Dr. Bruce Schultz, dean of the Caldwell campus of Treasure Valley Community College, stated that TVCC came Caldwell at the request of the Idaho Migrant Council, and described TVCC's educational offerings, costs and the number of students served.

University of Phoenix, Idaho, is a private, accredited institution filling some higher education needs in the Treasure Valley, according to Dr. Bill Bach, director of academic affairs. The university strongly supports the community college concept. Its Axia College offers a two-year degree, online courses and the ability to take one course at a time.

Dr. Kjell Christophersen, economist and president of CCbenefits, Inc., explained the range of studies he conducts and gave specific parameters for studies of the socioeconomic benefits of community colleges, including funding, types of courses, the impact on regional economic development and analysis of return on investment of property taxes, business taxes and farm taxes paid.

At the committee's second meeting in Coeur d'Alene on July 7, Dr. Michael Burke, president of North Idaho College, and Rolly Williams, chair of the NIC Board of Trustees, informed the committee of NIC's continuing expansion of programs to meet the needs of local business and students. They emphasized that "access is about proximity" and noted that NIC has outreach centers, workforce training and other programs in five other panhandle communities. The investment in NIC by local property taxpayers returns an economic benefit to the region estimated at \$300 million.

Local employers in manufacturing industries represented the need for more skilled workers continues to grow; it is important to educate young people about the career opportunities in manufacturing jobs. The role of community colleges in educating and training the new workforce, as well as retraining or updating existing workers, is critical.

Judy Meyer stated the position of the Idaho Business Coalition for Excellence in Education, that a statewide system of community colleges is needed, that new funding is needed, that local governance ensures appropriate response to local needs, and that expansion of the system must not adversely affect the funding existing community colleges receive.

Joe Morris, CEO, Kootenai Medical Center, reported that the hospital is the largest employer in Kootenai County and said that more skilled health care workers are needed. Both four-year and community colleges are needed to fill the demand. The cooperation of NIC and its nursing program has resulted in producing needed graduates.

Steve Griffiths, Jobs Plus, Inc., described his efforts to bring new companies to the region and provide them with a skilled workforce. He acknowledged the flexibility and responsiveness of NIC's workforce training programs, and how NIC has contributed to his success.

A panel of representatives from the Coeur d'Alene, Post Falls, Moscow and Lewiston Chambers of Commerce all agreed on the value of a community college to the business community, that local governance needs to be maintained, that tuition and costs should

**North Idaho College President Rolly Williams described NIC's continuing expansion of programs and said that the investment in NIC by local property taxpayers returns an estimated economic benefit of \$300 million.**

be kept to a minimum, and that accessibility and equity are important. While funding is a challenge, possibilities for new sources of revenue and incentives from the state should be considered.

Dr. George Copa, College of Education at Oregon State University, lead the committee in a workshop to help develop a policy framework. Each committee member was asked to identify the desired features of community college services in Idaho, major policy issues that need to be addressed and policy options that should be considered to address the policy issues identified.

Dr. Kjell Christophersen, economist and president of CCbenefits, Inc., of Moscow, Idaho, explained the range of studies he conducts and gave specific parameters for studies of the socioeconomic benefits of community colleges, including funding, types of courses, the impact on regional economic development and analysis of return on investment of property taxes, business taxes and farm taxes paid.

The committee met for the third time on July 25 at Eastern Idaho Technical College (EITC) in Idaho Falls. EITC President Bill Robertson reviewed the history of the college and discussed the issues of governance, funding, instructional offerings, workforce training programs, outreach programs and enrollment.

Dr. Arthur Vailas, president of Idaho State University, described ISU as an inclusive university that supports students at a variety of levels. He noted that access and affordability are important issues and that the ultimate goal is to encourage independent thinking, creativity, problem solving and partnerships in learning.

Dr. Dene Thomas, president of Lewis-Clark State College, said the college has a strong heritage of providing broad-based educational services. It serves a five-county region for traditional and nontraditional students. She emphasized the importance of state support to control tuition costs.

Robb Chiles, president and CEO, Greater Idaho Falls Chamber of Commerce, said that, based on chamber surveys, there is support for a statewide community college system. However, there is limited support in the general community at this time for formation of a community college district. He noted that a community college could function at a relatively low cost given the current infrastructure of Idaho Falls and suggested a 1 percent increase in the sales tax to fund a statewide community college system.

Dr. Andrew Klein, director for Education, Training and Research, Idaho National Laboratory, reiterated the lab's continual need for highly educated, trained people. He described the lab's educational outreach programs and the partnerships they have formed with state universities.

Edith Irving, president, Idaho Alliance of Leaders in Nursing and chief nursing officer at Eastern Idaho Regional Medical Center, discussed the shortage of nurses, especially in the specialty fields, and it is becoming more difficult to find experienced nurses. There is no shortage of applicants, but space is limited for nurse training and education. Recruiting nurses as teachers is even more difficult; there are very few advanced degree programs for qualification as a nursing teacher, and teaching salaries are typically 40 percent lower than what a practicing nurse can earn.

**The fourth Community Colleges Interim Committee meeting will be held on September 11 in Twin Falls on the College of Southern Idaho campus.**

## Legislative Audits Report

The Legislative Audits Division has recently released eight reports. The Board of Pharmacy, Department of Finance, Bureau of Occupational Licenses and Optometry Board, Lava Hot Springs Foundation, State Tax Commission, the Board of Medicine and the Judicial Department had no findings. The Department of Health and Welfare had 13 findings and recommendations. All reports can be found on the Legislative Web site at [www.legislature.idaho.gov/audit/reportsummaries](http://www.legislature.idaho.gov/audit/reportsummaries).

### Department of Health and Welfare

**Finding 1:** Changes are needed in the criteria used to establish Medicaid eligibility under the Home Care for Certain Disabled Children (Katie Beckett) Medicaid program. This program provides Medicaid eligibility to children with disabilities who would not otherwise qualify due to parental income or other resources. The program's primary objective is to provide institutional levels of care at the lowest possible cost.

During FY 2005, more than 1,600 children received benefits at a cost of nearly \$24 million. Of these, 534 children received less than \$3,000 each in benefits. Most received limited or noninstitutional services. Significant periods of time existed during which no services were provided at all.

The report recommends that the department undertake a thorough review of the criteria used to determine eligibility in the program and establish processes to monitor services provided to clients to ensure that an appropriate level of care is provided.

**Finding 2:** Idaho is one of only two states without a Certified Medicaid Fraud Control Unit (CMFCU). The federal government offers a grant program to fund CMFCUs. The grant provides 90 percent federal funding for the first three years and 75 percent thereafter, for investigation and prosecution of fraud and patient abuse in the state Medicaid program. The CMFCU must be separate and distinct from the state Medicaid agency and must employ sufficient professional, administrative and support staff to perform its duties and responsibilities in an effective and efficient manner.

The department's Fraud and Investigation Unit does not meet the independence requirements to be certified and is, therefore, funded as Medicaid administrative costs at 50 percent federal match. In addition, no comprehensive program exists within the department or other state agencies to investigate and prosecute patient abuse issues.

The report recommends that the department initiate a dialog with executive/legislative leadership and the Attorney General's Office to evaluate the merits of establishing a CMFCU.

**Finding 3:** Improvements are needed in identifying and recording private health insurance coverage of Medicaid clients. Medicaid is required to identify possible liable third parties at the time claims are paid, as Medicaid is the payor of last resort. The greatest challenge of this requirement is identifying health insurance that exists or becomes available while a client is eligible for Medicaid.

The department uses a private contractor to identify Medicaid clients who have private health insurance and to analyze provider claims that indicate other insurance has paid a

**Idaho is one of only two states without a Certified Medicaid Fraud Control Unit for investigation and prosecution of fraud and patient abuse in the Medicaid program. The federal government offers a grant program for such units, providing 90 percent funding for the first three years and 75 percent thereafter.**

portion of the costs (suspect claims). During review of this contract, Legislative Audits found the following issues: (1) some insurance data known by providers is not pursued; (2) insurance resources are recorded that have little or no possibility for cost recovery; and (3) no comprehensive data-match process exists with Blue Cross or Blue Shield, the two insurance companies covering more than 75 percent of all Idaho citizens.

The report recommends that the department develop a retrospective review process to identify insurance resources, define a valid insurance resource as one where the coverage period overlaps the client's period of Medicaid eligibility, and establish an enhanced data-match process with Idaho-based private insurance companies.

**Finding 4:** Medicaid eligibility continues to be improperly determined, due primarily to the outdated automated system (EPICS) used to process and record Medicaid eligibility. Although improvements have been made, errors remain high.

An October 2005 report on Medicaid eligibility indicated that the eligibility determination error rate had remained at 10 percent for the prior two years. The eligibility error rate for the Children's Health Insurance Program has improved, but remains very high at nearly 30 percent.

The report recommends that the department identify the processes and issues that cause improper eligibility determination, address payment processing errors and continue to seek resources to replace EPICS.

**Finding 5:** Essential edits in the Medicaid claims payment system are disabled, allowing claims to be paid in error. The report identifies nearly 500 claims in a six month period in which client names and identification numbers did not agree with the record of eligible clients. Analysis determined that several system edits that ensure the accuracy and validity of payments were disabled, as well as the edit intended to ensure that Medicaid was the payor of last resort.

The report recommends that the department enable all essential system edits.

**Finding 6:** The Healthy Connections Medicaid Program is not cost effective for all eligibility groups. By assigning clients to primary care physicians, the program is intended to reduce high-cost services such as emergency rooms, inpatient hospitalization and specialists. The federal grantor requires that all waiver programs be cost effective or cost neutral. In FY 2005, three of the four Medicaid eligibility groups were, at various times, not cost effective. Although the program encourages providers to accept more Medicaid clients, it apparently does not result in a reduction in total Medicaid costs. The federal grantor could seek recovery of excess costs.

The report recommends that the department reevaluate the Healthy Connections Medicaid Program and either discontinue it or consider incorporating it into the state plan, eliminating the need to justify cost effectiveness and the potential refund of program costs to the federal grantor.

**Finding 7:** Efforts to recover Medicaid birth costs are not consistent. Limited tests showed that as many as one-third of all single-parent birth costs paid by Medicaid were not pursued. Legislative auditors estimate that recoveries could increase by \$500,000 or more annually if child support cases were established and pursued in all instances in-

**Medicaid eligibility continues to be improperly determined, due primarily to the outdated EPICS computer system. The Medicaid eligibility error rate remains at 10 percent; the error rate for the Children's Health Insurance Program is 30 percent.**

volving birth costs of a single-parent Medicaid client.

The report recommends that the department pursue birth costs from all biological parents who are not included on the application for Medicaid assistance. Child support cases should be established for all clients, and any reasons for not pursuing birth costs should be documented.

**Finding 8:** The number of child support cases with debt errors remains high. Significant improvements and reviews have been made in procedures to establish and adjust debts in the child enforcement system, reducing the number of cases with debt errors to approximately 20 percent.

The report recommends that the department enhance the efforts to review and correct child support debts and continue to pursue additional resources to address this issue.

**Finding 9:** Child care benefits are calculated on market rates and poverty tables that are more than five years old. As a result, lower amounts of assistance are provided for those clients most in need, while excluding others whose incomes are less than the current poverty level. Using outdated tables has limited program growth, with the unintended result of inhibiting access for the working poor and the potential success of the program.

The report recommends that the child care benefit calculation be based on current market rate surveys and federal poverty rates, as required by administrative rule.

**Finding 10:** Temporary Assistance to Needy Families (TANF) funds are used for medical costs, foster care services and other activities prohibited by federal regulations. Improvements have been made, reducing the number of questionable or unallowable expenditures; however, Legislative Audits continues to identify expenditures for various costs that are specifically not allowed or for services to families with incomes that exceed established limits.

The report recommends that the department reaffirm TANF guidelines with staff, review requirements for documenting family income and emergency conditions and return \$2,056 to the federal grantor for incorrectly charged medical costs.

**Finding 11:** Food Stamp error rates continue to exceed the allowed percentage and will result in additional financial sanctions. In FY 2003, Legislative Audits reported that the Food Stamp error rate in Idaho had exceeded the allowed maximum for the past two years. A financial sanction of \$277,464 was imposed on the department by the federal grantor for FY 2004; a larger sanction is likely for FY 2006.

The department received additional resources and staff for FY 2005 that allowed reductions in case loads and improvements in monitoring, review and quality control functions. These efforts are reflected by declining error rates; however, errors continue to occur beyond the allowed limits, due primarily to the outdated EPICS eligibility system.

The report continues to recommend that the department improve the accuracy of the eligibility process in order to avoid additional sanctions and the consequences to needy families who are denied assistance in error. A renewed effort to seek funding to replace the outdated EPICS eligibility system should be considered.

**Food Stamp error rates continue to exceed allowed limits. Legislative Audits recommends that the accuracy of the eligibility process be improved to avoid federal sanctions and to avoid the consequences to needy families who are denied assistance in error.**

**Finding 12:** Fees for mental health services are based on poverty rates that are more than 13 years old. It is the department's policy to charge fees to clients based on their ability to pay. In addition, any liable third-party source must be included in developing a client's total ability to pay to maximize reimbursement for the cost of the service provided. Outdated fixed-fee amounts may result in some under-recovery of program costs, and the outdated sliding fee scale results in clients paying a higher share of the costs in error.

The report recommends that the department adjust the fees listed to reflect current rates and federal poverty guidelines, and further recommends that the department consider amending the administrative rules to describe the method for determining the fees, rather than detailed values or fixed amounts, as a way to avoid the need for future amendments.

**Finding 13:** Rules for recovering certain types of Medicaid costs from parents are not enforced. Administrative rules governing the medical assistance program identify the department's intent to recover certain types of Medicaid services to children. These rules were developed in response to 1994 legislation, which included an appropriation to make and collect assessments on a sliding-fee scale from parents whose children are living in nursing homes, immediate care facilities for the mentally retarded, or who are receiving benefits under certain child disability programs. Although a district court ruled in 1998 that the department could not require parents to share in the cost of care for children in the Katie Beckett program, it did not specifically preclude the recovery of medical costs for services to children in nursing homes or other facilities. Legislative Audits found no indication that the department has taken steps to enforce these rules and collect amounts from parents.

The report recommends that the department undertake a complete analysis of the legal and legislative requirements for recovering certain Medicaid costs from parents. This analysis should seek to resolve the issues of whether to amend or delete rules, appeal the district court's ruling, or request legislation to clarify the intentions or authority to recover costs from parents.

*Staff Contact: Ray Ineck*

## JLOC to Meet August 24

The Joint Legislative Oversight Committee will meet on Thursday, August 24, for a report release on Idaho Student Information Management System (ISIMS) Lessons for Future Technology Projects. Office of Performance Evaluations staff will also present follow-up reports on public education transportation, technology and district administration; the Idaho Child Care Program; air quality permitting programs; and public works contractor licensing. In addition to report releases, the committee will discuss a proposed study plan of the Health Care Task Force and consider new evaluation topic requests. The meeting will begin at 1:30 in the JR Williams Basement Conference Room.

*Staff Contact: Rakesh Mohan*

**Complete audit reports are available on the Legislature's Web site:**

[Legislative Audits](#)

**Hard copies of audit reports are available upon request by calling the Legislative Audits Division at 334-4832.**

## Capitol Restoration / Relocation Committees Schedule Meetings August 24

Legislative advisory committees dealing with the Capitol Restoration and the Legislature's temporary relocation will meet later this month. The Advisory Committee on Space Allocation and Design will meet in the Statehouse the morning of August 24 to hear from Director Pam Ahrens, Department of Administration, and Jan Frew, Division of Public Works, on the status of the Capitol Restoration project. Project Consultant Paul Brown will provide a review of the latest Capitol space allocation and design plans.

The Advisory Committee on Relocation will meet in the Statehouse later the same morning. Legislative Services Director Jeff Youtz will brief the committee on the status of the work on the Capitol Annex (the old Ada County Courthouse). The Division of Public Works will update the committee on the project timetable and Project Consultant Kent Krohn will review the latest floor plans and a two-phase construction approach to the project. Legislative Services will provide a review of project funding status and costs as well as other matters.

*Staff Contact: Eric Milstead*

**Pam Ahrens, Jan Frew and Paul Brown will review Capitol space allocation and design plans, and Jeff Youtz will discuss the status of work on the Capitol Annex when legislative advisory committees meet on August 24.**

## Legislative Staff Update

**Audits:** Congratulations to **Randy Rhuman**, who passed the CPA exam and is on his way to CPA certification. We welcome two new staff auditors. **Eric Bjork** received his accounting degree from Idaho State University. While studying at Idaho State University, Eric was an internal auditor intern. **Jolene Crumley** also received her accounting degree from ISU. She has worked at Extended Systems in Boise as a senior accountant and at Beth Israel Deaconess Medical Center in Boston.

**Budget & Policy Analysis:** **Julie Swanson**, a Boise native, joined Legislative Services as a budget and policy analyst in July 2006. Julie previously held a position as a management analyst at the Department of Health and Welfare. She has a degree in economics and a master's degree in public administration from Boise State University.

**Information Technology, Application Development:** Two people have recently joined the Legislative Services staff as IT programmer analysts. **Michael Ramshaw**, originally from Pocatello, holds bachelor degrees in both computer science and mass communication and is certified as a CISCO certified network associate. His past experience includes work for KPVI TV and Apogee Design, Inc., as well as independent computer consulting. **Kelly Reister** holds a bachelor's degree in mathematics from Utah State University and a master's degree in computer science from Boise State University. His prior experience includes work at Hewlett-Packard and the Idaho Transportation Department.

**Office of Performance Evaluations:** OPE welcomed two new performance evaluators in early 2006. **T. J. Thomson**, an Idaho Falls native, served in the U.S. Air Force from 1992-95 and has previous experience as an analyst with the U.S. Government Accountability Office in Washington, D.C. He completed his undergraduate work at Boise State University and earned a master's degree in public administration from Indiana University. **Amy Lorenzo**, also a native of Idaho Falls, began her public service career with the U.S. Citizenship and Immigration Service in 2003 as a program analyst and adjudications officer. She has a master's degree in public administration from Louisiana State University and is a graduate of the Presidential Management Fellowship Program.

## New to the Legislative Library

### BUDGET/ECONOMY/TAXES

**Idaho Economic Forecast.** Idaho Division of Financial Management, 2005. (330.9 I33 2005, numbers 1 and 2)

**Legislative Fiscal Report to the Joint Senate Finance-House Appropriations Committee.** Idaho Legislative Services Office, Budget and Policy. (351.7225 I 2005)

**State Budget Actions.** National Conference of State Legislatures, 2005. (353.93722 N38 2004-2005)

**State Tax Actions.** Mandy Rafool. National Conference of State Legislatures, 2004. (353.93724 N38 2004)

### DRAFTING GUIDES

**Legislative Drafting Manual for the State of Arkansas.** Arkansas Bureau of Legislative Research, 2004. (328.1 A75 2004)

**The Rule Writer's Manual: A Guide for Drafting and Promulgating Administrative Rules in the State of Idaho.** Dennis R. Stevenson, Administrative Rules Coordinator. Idaho Department of Administration, 2005. (342.796 S84 2005)

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**The American Political Dictionary.** Jack C. Plano and Milton Greenberg. Wadsworth/Thomson Learning, Inc., 2002. (REF 320.47303 P63 2002)

**Bieber's Current American Legal Citations.** Doris M. Bieber. Mary Miles Prince, ed. William S. Hein & Co, Inc., 1986. (REF 349.730148 B54 1986)

**CSG State Directory: Directory III — Administrative Officials 2005.** Council of State Governments, 2005. (REF 353.932 C68 2005)

**Idaho Blue Book.** Idaho Secretary of State, 2005. (REF 351.025 2005-2006)

**Official Opinions of the Attorney General.** Idaho Attorney General's Office, 2005. (340.06 I 2004) *Contains five year index to opinions and certificates of review.*

**Statutes and Statutory Construction.** Norman J. Singer. West Group, 2001. (REF 348.73022 S56) *This wonderful encyclopedic set of nine volumes includes bibliographical references, tables, and index.*

### STATE LEGISLATION AND STATE LEGISLATURES

**Legislative Session Summary: Sine Die Report.** Idaho Legislative Services Office, 2005. 342.796 L 2005.

**Power, Knowledge, and Politics: Policy Analysis in the States.** John A. Hird. Georgetown University Press, 2005. (326.36 H57 2005)

**Subject Compilation of State Laws: An Annotated Bibliography.** C. Boast and C. Nyberg, 2005. (016.34973 N 2003-2004)

Staff Contact: Kristin Ford

## Proposed Agency Rules

### **Administration, Department of**

38.04.06 Contractors Prequalification /Capitol Bldg. Project

### **Agriculture, Department of**

02.02.09 Potato Inspection if Sold in Retail Outlets  
02.02.14 Rules for Weights and Measures  
02.04.03 Rules Governing Animal Industry  
02.04.20 Rules Governing Brucellosis  
02.04.21 Rules Governing Importation of Animals  
02.04.27 Rules Governing Deleterious Exotic Animals  
02.04.29 Rules Governing Trichomoniasis  
02.06.02 Rules Pertaining to Idaho Commercial Feed Law  
02.06.12 Rules Pertaining to Idaho Fertilizer Law  
02.06.41 Idaho Soil & Plant Amendment Act of 2001

### **Building Safety, Division of**

07.03.01 Rules of Building Safety

### **Commerce & Labor, Department of**

09.01.30 Unemployment Insurance Benefits Administration  
09.01.35 Unemployment Insurance Tax Administration  
09.02.01 Id. Community Development Block Grant Program  
09.02.03 Id. Regional Travel & Convention Grant Program  
09.03.01 Rural Broadband Develop. Matching Fund Program  
09.03.04 Business and Jobs Development Grant Fund

### **Education, Board of**

08.02.02 Power & Duties Related to Transportation

### **Engineers & Land Surveyors, Board of**

10.01.01 Rules of Procedure

### **Environmental Quality, Department of**

58.01.01 Control of Air Pollution in Idaho  
58.01.01 Air Pollution - Consistent w/Federal Regulations  
58.01.01 Air Pollution/Title V Air Quality Operating Permit  
58.01.02 Water Quality Standards/Based on Flow Conditions  
58.01.05 Rules & Standards for Hazardous Waste  
58.01.08 Public Drinking Water Systems  
58.01.11 Ground Water Quality Rule  
58.01.16 Wastewater Rules  
58.01.17 Reclamation/Reuse/Municipal/Indust. Wastewater

### **Governor, Office of the**

15.01.20 Rules Governing Area Agency on Aging Operations

### **Health & Welfare, Department of**

16.02.15 Immunization Requirements - Id. School Children  
16.03.01 Chapter Rewrite/Eligibility/Health Care  
16.03.01 Chapter Repeal/Eligibility/Health Care Families  
16.03.05 Eligibility for AABD/Deficit Reduction Act of 2005  
16.03.05 Eligibility for AABD To Prevent Asset Sheltering  
16.03.09 Rewrite/Medicaid Basic Plan Benefits  
16.03.09 Chapter Repeal/Medical Assistance Program  
16.03.10 Chapter Rewrite/Medicaid Enhanced Plan Benefits  
16.03.10 Repeal/Medicaid Provider Reimbursement  
16.03.13 New Chapter/Consumer-Directed Services  
16.03.13 Repeal/Prior Authorization/Behavioral Health Serv.  
16.03.16 New Title: Premium Assistance  
16.03.17 Repeal - Service Coordination

- 16.03.18 New Title: Medicaid Cost-Sharing
- 16.03.22 Residential Care/Assisted Living/Fire Sprinklers
- 16.04.11 Developmental Disabilities Agencies
- 16.04.14 Low-Income Home Energy Assistance Program
- 16.05.07 Investigation/Enforcement/Fraud, Abuse, Misconduct
- 16.06.04 Statewide/Regional Substance Abuse Coordinating

#### **Idaho State Police**

- 11.04.01 Betting Public - Correct Weights/Horse Racing
- 11.04.01 Horse Racing/Uniform Bicarbonate Testing in Horses
- 11.04.01 Horse Racing/Implementation of Drug/Alcohol Tests
- 11.04.01 Horse Racing/Define & Establish Horsemen's Groups
- 11.04.02 Simulcasting/Deletes Dupe Wager Dist. Language
- 11.04.02 Simulcasting/Collection/Distribution/Purse Monies
- 11.13.01 Motor Carrier Rules

#### **Idaho Transportation Department**

- 39.03.11 Overlegal Permittee Responsibility/Travel Restrict
- 39.03.22 Overlegal Permits for Extra-Length Vehicle Combos
- 39.03.73 Rules Governing Accident Prevention Course

#### **Insurance, Department of**

- 18.01.24 Advertisement/Disability/Accident/ Sickness Insur.
- 18.01.44 Schedule of Fees, Licenses & Misc. Charges
- 18.01.56 Rebates/Illegal Inducements/Title Insur. Business
- 18.01.68 Minimum Reserve Standards/Individual/Grp. Health Ins.
- 18.01.74 Coordination of Benefits
- 18.01.76 Annual Actuarial Opinion Summary by Insurers
- 18.01.77 Standards/Actuarial Opinions Used by Life Insurers

#### **Juvenile Corrections, Department of**

- 44.01.02 Rules for Secure Juvenile Detention Centers

#### **Lands, Department of**

- 20.03.14 Grazing Leases & Cropland Leases

#### **Nursing, Board of**

- 23.01.01 Rules of the Idaho Board of Nursing

#### **Pharmacy, Board of**

- 27.01.01 Pharmacy Bd. Remote Dispensing Pilot Program
- 27.01.01 Rules of the Id. State Board of Pharmacy

#### **Real Estate Commission**

- 33.01.01 Rules of the Idaho Real Estate Commission

#### **Tax Commission, State**

- 35.01.03 Property Tax - Rule 317 - Homeowner's Exemption
- 35.01.03 Property Tax - Rule 700 - Circuit Breaker Changes
- 35.01.03 Property Tax - Rule 802 - Repeal of Exemption
- 35.01.03 Property Tax/Correct Rule 989 So Consistent w/Law
- 35.01.03 Idaho Property Tax Administrative Rules
- 35.01.03 Property Tax Administrative Rules
- 35.01.05 Idaho Motor Fuels Tax Administrative Rules

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